

Emissions Reduction Incentive Grants (ERIG) Program

Webinar Presentation

**Air Grants Division
November 2020**





Webinar Agenda

- TERP Overview
- Program Overview
- Project Criteria
- Submitting a Grant Application
- Questions and Answers



TERP Grant Programs

Diesel Emissions Reduction Incentive (DERI) Program

Emissions Reduction Incentive Grants (ERIG) Program

Rebate Grants Program

Seaport and Rail Yard Areas Emissions Reduction (SPRY) Program

Texas Clean Fleet Program (TCFP)

Texas Natural Gas Vehicle Grant Program (TNGVGP)

Alternative Fueling Facilities Program (AFFP)

Texas Clean School Bus (TCSB) Program

Light-Duty Motor Vehicle Purchase or Lease Incentive Program (LDPLIP)

New Technology Implementation Grant (NTIG) Program

Port Authorities Studies & Pilot Program (PASPP)

Governmental Alternative Fuel Fleets (GAFF) Program



What does TERP do?

- Provides grants to reduce nitrogen oxides (NO_x) emissions from mobile sources.
- Supports programs to encourage the use of alternative fuels for transportation in Texas.
- Helps to keep the air in Texas clean.



How Does TERP Reduce NO_x Emissions from Mobile Sources?

Provides financial incentives for the **early retirement** of heavy-duty vehicles and equipment, particularly those with large diesel engines, that have been operating in Texas.

- Retired vehicles and equipment are rendered permanently inoperable.
- Retired vehicles and equipment are replaced with newer, cleaner models.
- Grantees commit to operating newer, cleaner models in designated areas of Texas.



Why Reduce NO_x Emissions?

Ground level ozone is created by chemical reactions of NO_x and volatile organic compounds (VOC) in the presence of sunlight.





Mobile Sources of NO_x



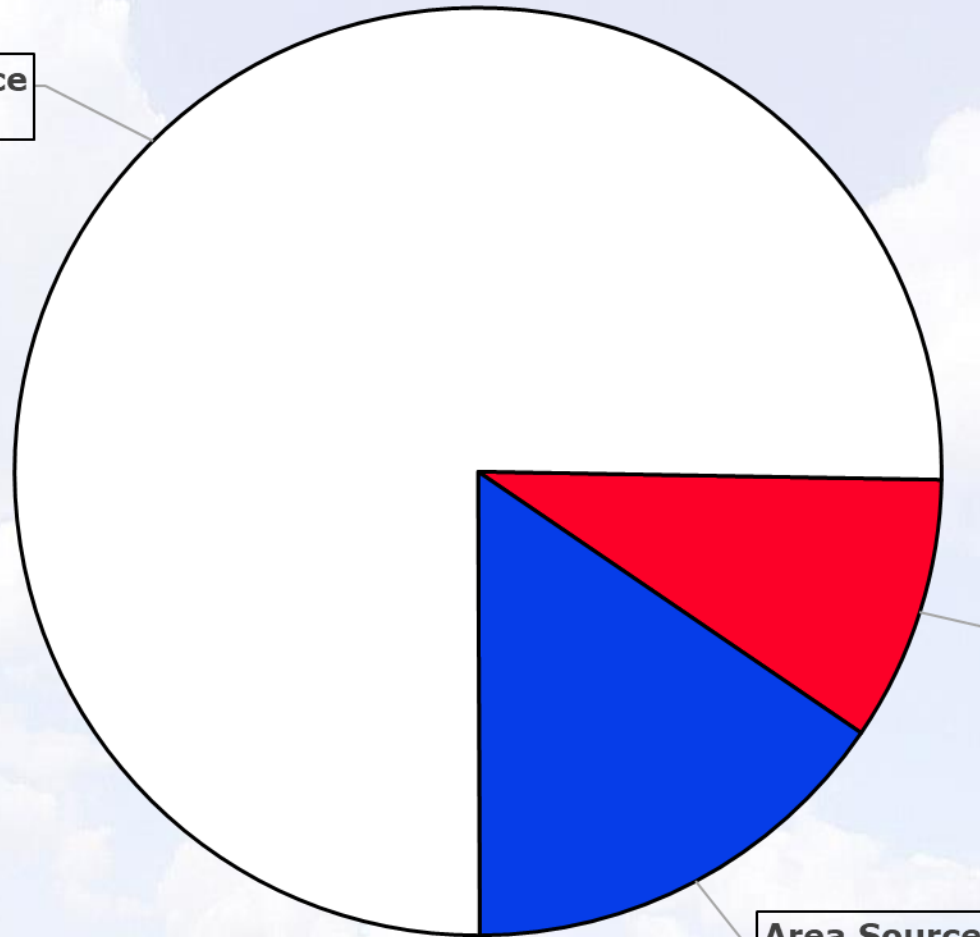


2017 Dallas-Fort Worth Area NO_x Emissions

Mobile Source
75%

Counties:

Collin
Dallas
Denton
Ellis
Johnson
Kaufman
Parker
Rockwall
Tarrant
Wise



Point Source
9%

Area Source
16%

Source: TCEQ Emissions Inventory
Updated: 8/15/2019



2017 Houston-Galveston-Brazoria Area NO_x Emissions

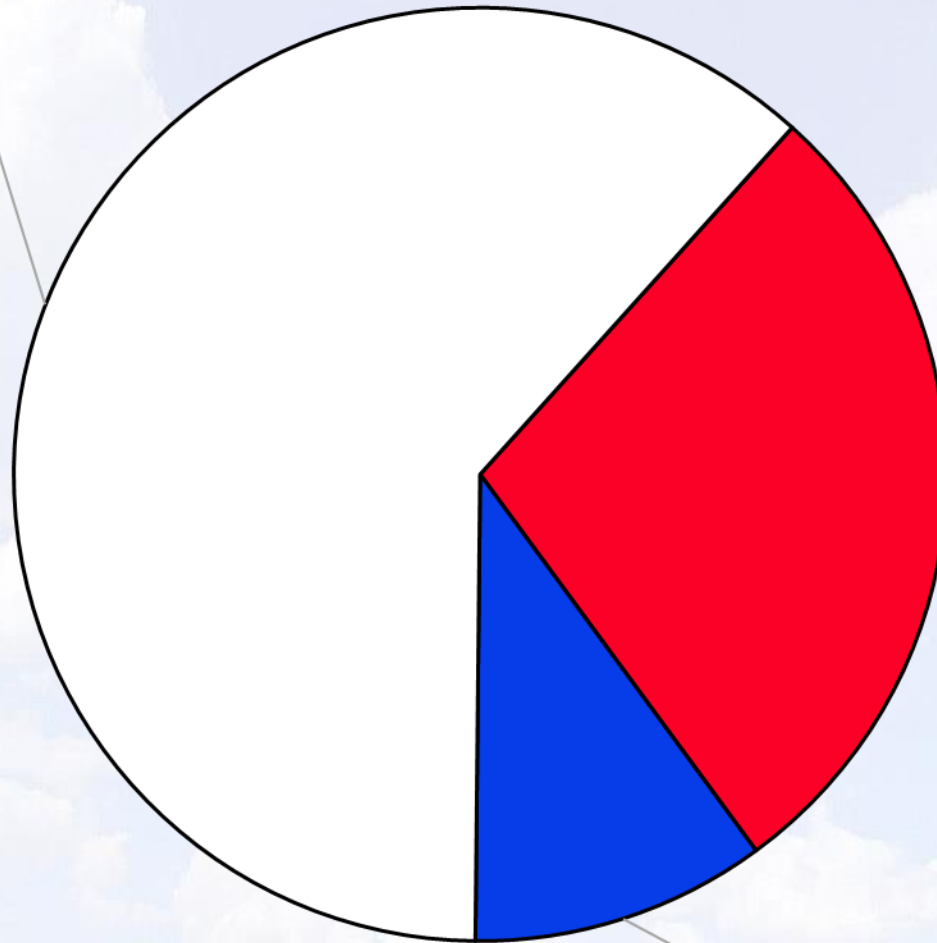
Mobile Source
62%

Counties:

Brazoria
Chambers
Fort Bend
Galveston
Harris
Liberty
Montgomery
Waller

Point Source
28%

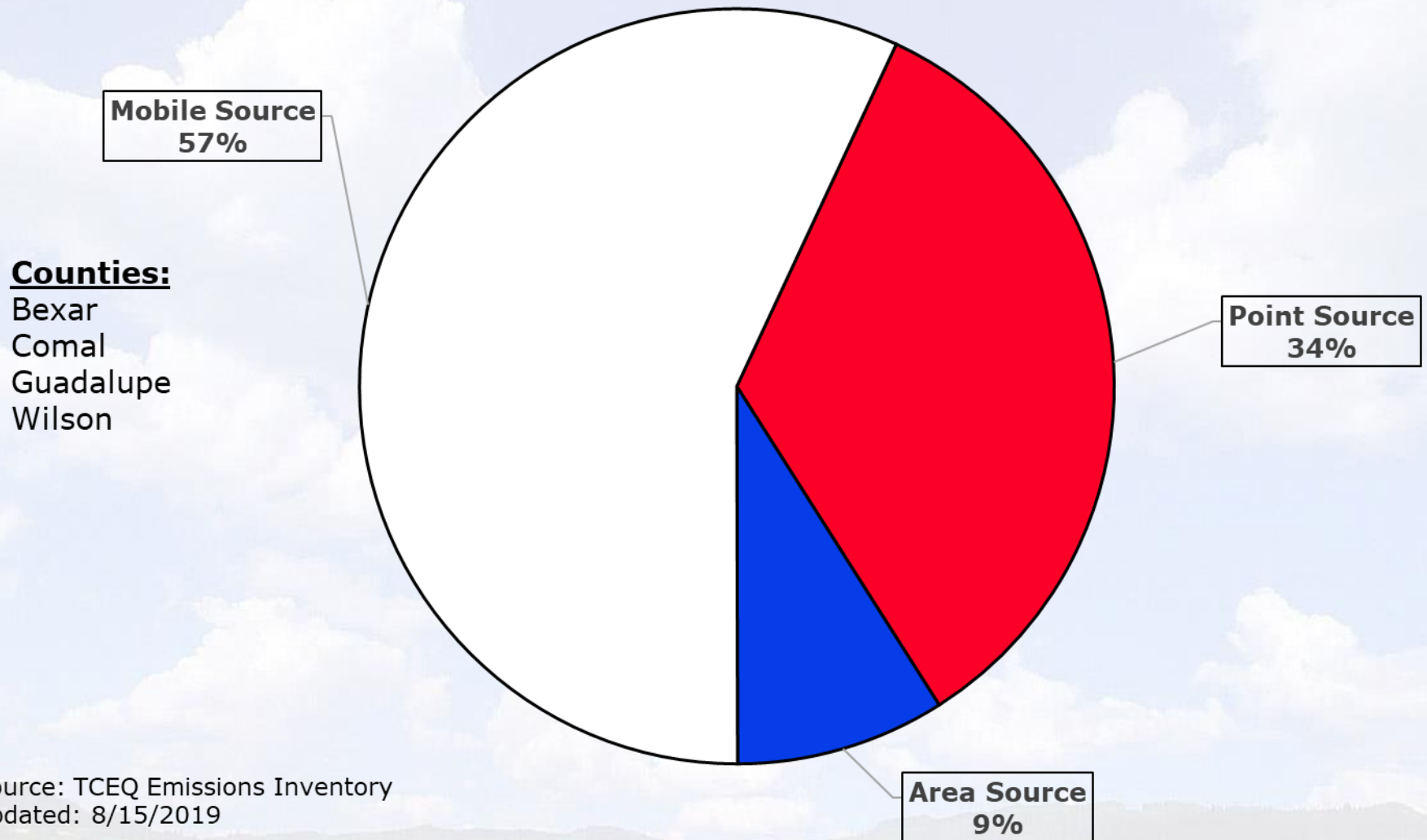
Area Source
10%



Source: TCEQ Emissions Inventory
Updated: 8/15/2019



2017 San Antonio Area NO_x Emissions





Program Overview

- Approximately **\$35.5 million** is available for award under this Request for Grant Applications (RFGA).
- Grants are awarded on a **competitive** basis.
- Applications will be accepted **for a period of 60 days**.
- Grant Estimators and Technical Supplements are provided on the TERP website at www.terpgrants.org.
- Applicants may be eligible for their requested grant amount or 80% of the eligible costs, whichever is less.



Eligible Applicants

Eligible grant applicants include individuals, corporations, organizations, governments or governmental subdivisions or agencies, business trusts, partnerships, associations or any other legal entity.



Eligible Activities

Replacement, Repower, or Retrofit:

- On-Road Heavy-Duty Equipment
- Non-Road Heavy-Duty Equipment
- Stationary Equipment
- Marine Vessels
- Locomotives



Eligible Project Categories

- New Purchase or Lease (Fleet Expansion)
- Replacement
- Repower
- Retrofit or Add-On of Emission Reduction Technology
- Retrofits with Dual-Fuel Conversion Systems
- On-Site and On-Vehicle Electrification and Idle Reduction
- Rail Relocation and Improvement



General Requirements

- **On-road heavy-duty equipment** must have a gross vehicle weight rating (GVWR) of 8,501 pounds or more.
- **Non-road heavy-duty equipment, stationary equipment, and marine engines** must have an engine rated at 25 horsepower or greater.

Emissions Reduction Incentive Grants Program

Eligible Counties* and Designated Highways and Roadways



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Austin Area:

Bastrop
Caldwell
Hays
Travis
Williamson

El Paso Area:

El Paso

Houston-Galveston-Brazoria:

Brazoria
Chambers
Fort Bend
Galveston
Harris
Liberty
Montgomery
Waller

Beaumont-Port Arthur:

Hardin
Jefferson
Orange

Corpus Christi Area:

Nueces
San Patricio

San Antonio Area:

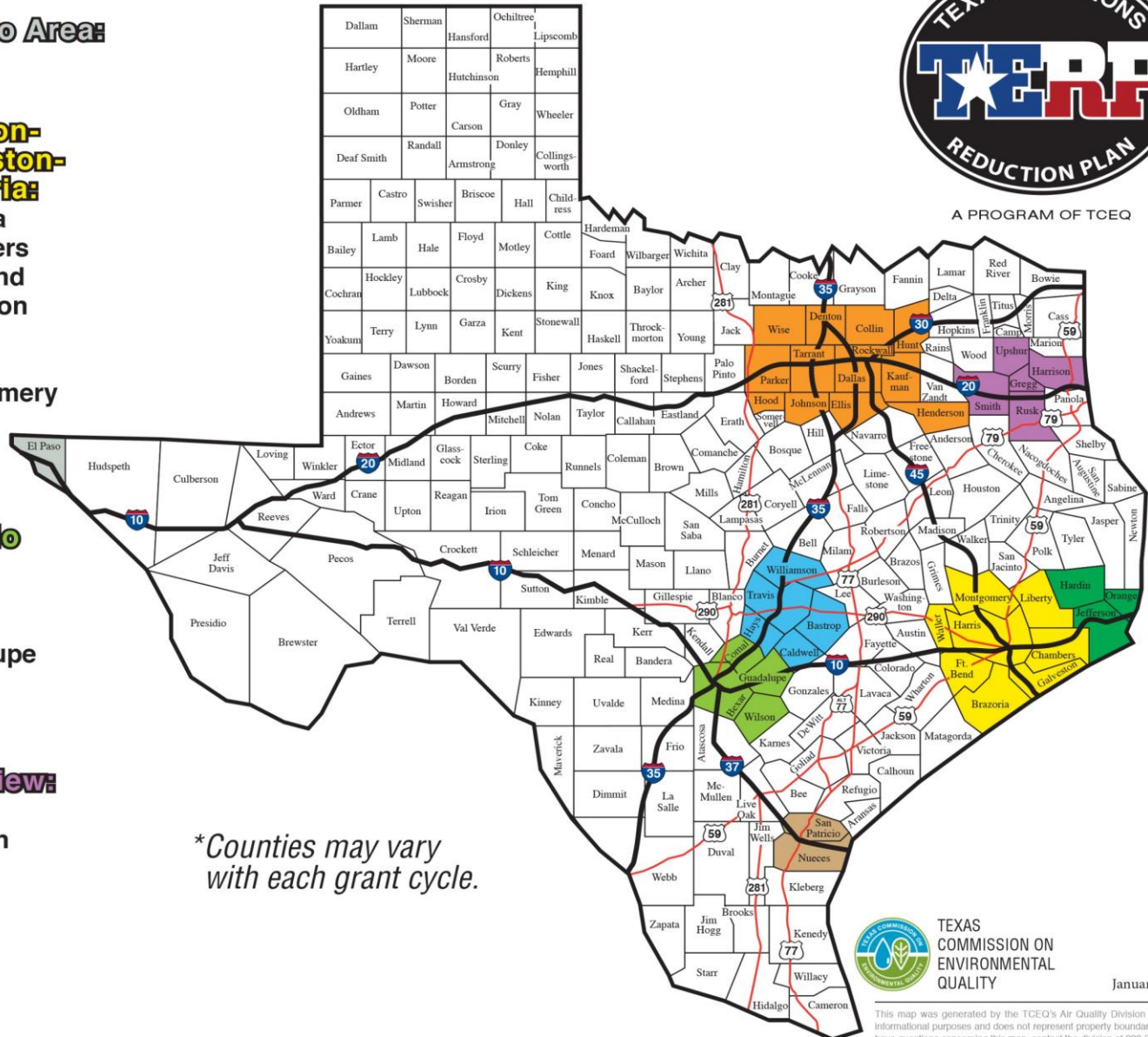
Bexar
Comal
Guadalupe
Wilson

Dallas-Fort Worth:

Collin
Dallas
Denton
Ellis
Henderson
Hood
Hunt
Johnson
Kaufman
Parker
Rockwall
Tarrant
Wise

Tyler-Longview:

Gregg
Harrison
Rusk
Smith
Upshur



*Counties may vary
with each grant cycle.



TEXAS
COMMISSION ON
ENVIRONMENTAL
QUALITY

January 2020

This map was generated by the TCEQ's Air Quality Division solely for informational purposes and does not represent property boundaries. If you have questions concerning this map, contact the division at 800-919-TERP.



Replacement & Repower Requirements

For at least the two years immediately preceding the application signature date:

- **On-road heavy-duty equipment** must have been:
 - owned, leased, or commercially financed by the applicant;
 - continuously registered and used in Texas; and
 - used in its primary function in the routine operations of the applicant.
- **Non-road heavy-duty equipment, stationary equipment, and locomotives** must have been:
 - owned by the grant applicant;
 - located and used in Texas; and
 - used in its primary function in the routine operations of the applicant.



Replacement & Repower Requirements

For at least the two years immediately preceding the application signature:

- **Marine vessels** must:
 - have been owned by the applicant;
 - have been continuously used in Texas;
 - currently be registered for operation in Texas; and
 - have been used in its primary function in the routine operations of the applicant.
- **Equipment** being replaced or repowered must be in good operating condition with a remaining useful life equivalent to the **designated Activity Life**.
- The new engine must be certified to emit at least 25% less NOX than the engine being replaced.



Replacement & Repower Requirements

- **Replacement equipment** may not have been acquired before the opening of the grant round.
- The **repower** of an existing engine may not have occurred prior to 12 months before the end date of the application period.



Replacement Project Requirements

- The replacement equipment **may not be more than three years older than the calendar year in which it is purchased.**
- The new engine must be certified to emit at least **25% less NO_x** than the engine being replaced.
- *Like-for-like*
 - **On-road heavy-duty equipment** must be of the same equipment type, weight category, and body and axle configuration as the vehicle being replaced.
 - **Non-road heavy-duty equipment, stationary equipment, marine vessels, and locomotives** must be of the same equipment type and intended for the same or similar purpose as the equipment being replaced.



Eligible Grant Amount

- The requested grant amount may not exceed the incremental cost and cost per ton limits set by the TCEQ.
- Applicants may be eligible for reimbursement of up to 80% of the incremental cost of the project.
 - For **replacement** projects, the incremental cost is the cost to purchase the replacement vehicle minus the scrap value (\$1,000) of the vehicle being replaced.
 - For **repower** projects, the incremental cost is the cost to purchase and install the replacement engine and associated equipment, minus the scrap value (\$250).



Percentage of Use Commitment

- Applicants must list a primary area for use of the equipment included in the project application.
- Activities with different primary areas must be applied for under separate applications.
- **On-road heavy-duty equipment**
 - Must designate in the application the percentage of the total annual mileage or fuel use that will occur in the eligible counties.
 - Must commit to operating the equipment at least 55% of total use in a combination of the eligible counties and on one or more of the designated highways or roadways.
 - The percentage of the annual mileage or fuel use that will occur in the eligible counties may not be less than 25% of the total annual mileage.



Percentage of Use Commitment

- **Non-road heavy-duty equipment, stationary equipment, and locomotives** must commit to use the equipment at least 55% of the total annual hours of operation or fuel use in the eligible counties.
- **Marine vessels** must commit to use the vessel at least 75% of the total annual hours of operation in the Texas portion of the Gulf Intracoastal Waterway or in bays adjacent to an eligible county.



Usage Rate

- Usage rates are how the TCEQ verifies that the NO_x emissions reductions are actually achieved by the projects.
- Usage rates will be measured by:
 - mileage for on-road vehicles;
 - hours of operation for non-road equipment and marine vessels; and
 - fuel use for locomotives.
- Applicants must list a usage rate in the application for each activity.
 - Standard Usage Rate
 - Non-Standard Usage Rate



Usage Rate

ERIG provides applicants with two options for determining the usage rates for the emissions reduction calculations.

1. Standard Usage

- Default usage rates are established by TCEQ for certain types of equipment.
- A grant recipient will not be required to operate the equipment for a specified amount of use (miles, hours, or fuel use) if Standard Usage is selected.
- The percentage of use in the eligible counties must be met.



Usage Rate

2. Non-Standard Usage

- Applicant may propose a higher annual usage rate.
- Historical usage rate must be verified by submitting supporting documentation with the application.
- All activities in the application must have the same Non-Standard Usage rate.
- Non-Standard Usage rate is not available for locomotive projects.
- A pre-award site visit may be conducted for projects requesting Non-Standard Usage.
- The applicant may be required to install GPS.



Usage Rate

2. Non-Standard Usage (continued)

- **Approved:** the grant recipient may not have to meet the exact number of annual miles, hours, or fuel use listed as the Non-Standard Usage rate.
- **Not Approved:**
 - 1) Applicant required to meet proposed Non-Standard Usage rate and use the GPS to report usage.
 - 2) Applicant can select Standard Usage rate.
 - 3) Applicant can withdraw application.



Usage Rate



CAUTION



Do not overstate the annual usage or the percentage of use in the eligible counties. You may be obligated to return grant funds if you do not meet the higher usage commitment.



Automated Usage Reporting

- If the applicant uses the TCEQ-authorized GPS service provider, the TCEQ may allow the vendor to provide the required usage reports.
- Only the costs to purchase and install GPS hardware may be included in the incremental cost calculation.
 - These costs will count towards the applicable cost limits.
- The applicant will be responsible for ongoing operational and maintenance charges.
- If Non-Standard Usage is selected for the usage commitment, the applicant may have to install GPS.



Activity Life Commitment

- **Activity Life** is the period used to determine the emissions reduction.
- The minimum Activity Life for most projects is five years.
- Activity Life begins on the date that TCEQ accepts verification of disposition.
- All grant recipients must track and report on the use and location of all grant-funded equipment for the Activity Life.
- Reports will be due annually over the Activity Life.



Application Review & Selection

- The TCEQ will review the applications and will, to the extent possible, correct problems with applications and obtain all necessary information and documentation in order to consider the application complete.
- Properly completed applications for eligible projects will be evaluated, scored, and ranked based on:
 - project cost per ton;
 - potential for the project to best address the goals of the TERP and the air quality needs of the area; and
 - potential for the project to achieve the projected emissions reductions.



What happens next if my project is selected for award?

Contracting

- A contract will be sent to the applicant to sign and return.

Reimbursement

- Payments will be made on a reimbursement basis for eligible expenses incurred and paid by the grant recipient.
- A cost may not be considered incurred until the grant-funded goods and services have been received and accepted by the grant recipient.
- Grant recipients may assign the grant payment to a dealer or financing entity.



What happens next if my project is selected for award?

Disposition of Old Equipment

- Old equipment must be destroyed.
- Disposition verification must occur no later than 90 days after payment from TCEQ.
- A non-repairable title will be required for on-road equipment disposition.
- Guidance for destroying the old equipment is included in the RFGA.



What happens next if my project is selected for award?

Usage Reporting

- The grant recipient must submit usage reports once per year for the duration of the Activity Life.
- TCEQ may conduct on-site visits to view the equipment and ensure usage records are being maintained.
- Failure to report or failure to meet the usage commitments may result in the recipient having to return a share or all of the grant funds.



Submitting the Grant Application

Completed grant applications may be submitted to TCEQ by email or by postal mail service:

E-Mail:

terp@tceq.texas.gov

Regular Mail:


Texas Commission on Environmental Quality
Air Grants Division
ERIG Program, MC-204
P.O. Box 13087
Austin, TX 78711-3087


Express Mail:








Texas Commission on Environmental Quality
Air Grants Division
ERIG Program, MC-204
12100 Park 35 Circle, Bldg. F, Room 1301
Austin, TX 78753





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Texas Emissions Reduction Plan (TERP)

The TERP program provides financial incentives to eligible individuals, businesses, or local governments to reduce emissions from polluting vehicles and equipment.

New and upgraded equipment pollutes less, improving the air quality in Texas. **Grant applications are accepted at different times throughout the year, depending on available funds.**

We believe these to be taxable grants. Please consult with your tax advisor.


 The TCEQ is now accepting applications for the following programs:


- Seaport and Rail Yard Area Emissions Reduction Program (SPRY)
- Alternative Fueling Facilities Program (AFFP)
- Texas Natural Gas Vehicle Grant Program (TNGVGP)
- Light-Duty Motor Vehicle Purchase or Lease Incentive Program (LDPLIP)


TERP GRANT PROGRAMS:

The TERP program is comprised of eleven different grant programs. Each program has its own specific eligibility requirements and may accept applications at different time periods

>> Questions or Comments:
terp@tceq.texas.gov

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**Need more information?**

Call (toll-free)
800-919-TERP (8377)
Or see [other contact info.](#)

Need to make post-contract changes?

Please send your completed
Contract Amendment Request Form (PDF) to:
terp_revise@tceq.texas.gov

Air Grants Division • www.terpgrants.org • 800-919-TERP (8377) Page 36



TERP Contact Information

Website: www.terpgrants.org

E-mail: terp@tceq.texas.gov

Toll Free: 800-919-TERP (8377)

We are here to help! Call us!